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DIVISION OF
OIL, GAS AND MINING

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m/023/007

January 25, 2001

Ms. Mary Ann Wright
Associate Director, Mining

Mr. D. Wayne Hedburg ✓
Permit Supervisor

Utah Division of Oil Gas and Mining
1594 West North Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801

RE: Request for Partial Reclamation Bond Release, North Lily Mining Company, Silver City,
Utah Facility

Dear Ms. Wright and Mr. Hedburg:

As the Division of Oil Gas and Mining is aware, North Lily Mining Company (North Lily) has completed regrading, mulching with composted manure, and re-seeding of the heap leach pad at the Silver City facility. Other components of reclamation have also begun, including debris removal, hazardous waste packaging and disposal, and regrading of west topsoil stockpile and nearby disturbances. North Lily has submitted its final plan for a post closure fluid management system (PCFMS) and this plan has been conditionally approved by the Division of Water Quality (DWQ). Subsequently, supplemental information in response to the PCFMS plans approval conditions have been submitted to DWQ.

Therefore, and in accordance with UACR647-4-113, North Lily requests that \$99,450 of its reclamation bond be released. The justification for this release is presented below, in the form of a tabular summary of completed or partially completed reclamation tasks, the reserved bond amount for each task, and the requested bond release amount. This summary is derived directly from the June 22, 2000 Reclamation Surety Estimate prepared by DOGM.

0005

Task or Component	Status	Bond Amount	Bond Release Request
Debris & equipment removal	work begun	\$9696	\$ -0-
Hazardous waste removal	packaging complete, partially transported	\$10,000	\$ -0-
Regrading heap slopes	Complete	\$12,220	\$12,220
Ripping stockpile and compacted areas	complete for heap	\$1,276	\$ -0-
Site ripping (1)	complete for heap	\$4,136	\$3,160
Topsoil replacement (2)	deleted from plan	\$96,900	\$77,520
Composted manure (1)	complete for pad	\$7,380	\$5,640
Broadcast seeding (1)	complete for pad	\$4,182	\$-0-
General site clean-up	partially complete	\$1,070	\$-0-
Equipment Mobilization	largely complete	\$2,000	\$1,000
Reclamation supervision	partially complete	\$3,720	\$-0-
Total Bond Release Request			\$99,540

(1) The bond release amounts for these components are based on the ratio of heap leach area (18.8 acres) to total acres (24.6 acres), 76.4 percent, per the DOGM Reclamation Surety Estimate.


(2) Release of 80 percent of the bond amount is requested; release of the remaining amount (\$19,380) will be requested after final reclamation and closure is complete in spring or summer 2001.

Mary Ann Wright and D. Wayne Hedburg, DOGM

January 25, 2001

We ask for your prompt attention and response to this request pursuant to the above and consistent with page six of the July 2000 Stipulation and Consent Order. These funds are needed in part to pay for ongoing reclamation work, including hazardous waste disposal, leachfield construction, and pond area closure; and also for regrading, demolition and debris removal, consultant services, and site operations through June 2000 (which include payroll, electrical power, and propane). Please contact either of the undersigned or Bob Bayer of JBR Environmental with any questions you may have. Thank you for your consideration.

Sincerely,



Stephen Flechner
President and CEO



Gene Webb
Executive Vice President

cc: Dennis Frederick, DWQ
Fred Pehrson, DWQ
Doug Jensen, DOGM
Beth Wondimu, DWQ
M. Keller, Vancott Bagley
R. Bayer, JBR

1	RECLAMATION SURETY ESTIMATE				
2	North Lily Mining Company				
3	Tintic Project				
4	M/023/007				
5	Prepared by Utah State Division of Oil, Gas & Mining				
6	-This estimate uses a D8 size dozer for most earthwork				
7					
8					
9					
10	Acreage Totals				
11	Heaps - 16.6 Buildings - 1 Topsoil Area - 3.2 Borrow - 2.6 Ponds - 1.2				
12					
13					
14					
15					
16					
17	Note: actual unit costs may vary according to site conditions last unit cost update 08/25/99				
18	-Amount of disturbed area which will receive reclamation treatments =				24.6 acres
19	-Estimated total disturbed area for this mine =				24.6 acres
20	Activity	Quantity	Units	\$/unit	\$
21	Safety gates, signs, etc. (mtls & installation)	0	sum	200	0
22					(1)
23	Demolition of buildings & facilities	1	lump sum		5,000
24	Debris & equipment removal - trucking	10	trips	48	480
25	Debris & equipment removal - dump fees	100	ton	55	5,500
26	Debris & equipment removal - loading trucks w/FE loader	16	hours	176	2,816
27	Demolition & debris removal - general labor	60	hours	15	900
28	Regrading facilities areas (1 ft depth)	1.0	acre	470	470
29	Hazardous Waste Disposal	1	lump sum	10000	10,000
30	Regrading heap slopes	26,000	CY	0.47	12,220
31	Regrade Solution Ponds	12,000	CY	0.47	5,640
32					(8)
33	Ripping stockpile & compacted areas	5.8	acre	220	1,276
34					(9)
35	Ripping site - prior to seeding	18.8	acre	220	4,136
36	Ripping pit access roads	0.0	acre	220	0
37	Creating safety berms or barriers around highwalls	0	LF	0.15	0
38					(9)
39	Ripping access roads - dozer	0.0	acre	220	0
40	Regrading access roads - dozer	0.0	acre	470	0
41	Sidecast mtl replacement on steep roads- trackhoe	0	LF	0.85	0
42	Surface drainage restoration or construction	0	LF	0.15	0
43					(11)
44	Topsoil replacement - dozer	0	CY	0.47	0
45	Topsoil replacement - scraper	0	CY	1.05	0
46	Topsoil replacement - truck & FE loader	38,000	CY	2.55	96,900
47					(12)
48	Mulching (2 ton/acre alfalfa)	0.0	acre	160	0
49	Fertilizing (100 lb/acre diammonium phosphate)	0.0	acre	90	0
50	Composted manure (10 ton/acre)	24.6	acre	300	7,380
51	Broadcast seeding	24.6	acre	170	4,182
52	Drill seeding	0.0	acre	150	0
53	Hydroseeding	0.0	acre	800	0
54					(13)
55	General site cleanup & trash removal	21.4	acre	50	1,070
56					(14)
57	Equipment mobilization	2	equip	1000	2,000
58					(15)
59	Reclamation Supervision	10	days	372	3,720
60					(16)
61	10% Contingency				163,690
62					16,369
63	Escalate for 2 years at 3.13% per yr				\$180,059
64					11,448
65					Total \$191,507
66					Rounded surety amount in yr 2002-\$ \$191,500
	Average cost per disturbed acre =				\$7,785

representatives, may immediately enter the Facility, take over control of any existing reclamation work, and conduct all further reclamation and post-closure monitoring work itself, without any authorization from North Lily.

- (v) If Division or Board find that one or more of the tasks described in Exhibit A have not been completed by the anticipated completion date, and that North Lily will not or cannot meet the final December 31, 2000 field work deadline, the Division may immediately declare an anticipatory breach of this Order and seek any and all remedies available to them, including those described above.

After North Lily has submitted its proposed post-closure fluid maintenance plan to the Division, North Lily may submit a request to the Division for partial bond release for reclamation work which was successfully completed.

For purposes of this Stipulation and Consent Order, "field" reclamation work means all reclamation work designed to shape, stabilize, revegetate, or otherwise treat the land affected in order to achieve a safe, stable, ecological condition and use which will be consistent with local environmental conditions. The term "post-closure" monitoring, care, and fluid maintenance, means all work designed to monitor conditions at the Facility for an extended period of time to confirm that the field reclamation work has achieved the above-described "safe, stable, ecological condition", and all other statutory and regulatory requirements. If during the post-closure monitoring period the Division staff finds that safe, stable, ecological conditions have not been achieved, additional field reclamation work may be necessary to achieve those goals.